

**RHS, RBS, RUS, FSA, USDA**

**§ 1942.9**

(e) *Disposition of title evidence.* All title evidence other than the opinion of title, mortgage title insurance policy, and water stock certificates will be returned to the borrower when the loan has been closed.

(f) *Material for State Office.* When the loan has been closed, the District Director will submit to the State Director:

- (1) The complete docket; and
- (2) A statement covering information other than the completion of legal documents showing what was done in carrying out loan closing instructions.

(g) *State Office review of loan closing.* The State Director will review the District Director's statement concerning loan closing, the security instruments, and other documents used in closing to determine whether the transaction was closed properly. All material submitted by the District Director, including the executed contract documents (if required by OGC) with the certification of the borrower's attorney, along with a statement by the State Director that all administrative requirements have been met, will be referred to OGC for post-closing review. OGC will review the submitted material to determine whether all legal requirements have been met. OGC's review of FmHA or its successor agency under Public Law 103-354's standard forms will be only for proper execution thereof, unless the State Director brings specific questions or deviations to the attention of OGC. It is not expected that facility development including construction will be held up pending receipt of the opinion from OGC. When the opinion from OGC is received, the State Director will advise the District Director of any deficiencies that must be corrected and return all material that was submitted for review.

(h) *Safeguarding bond shipments.* FmHA or its successor agency under Public Law 103-354 personnel will follow the procedures for safeguarding mailings and deliveries of bonds and coupons outlined in FmHA Instruction 2018-E (available in any FmHA or its successor agency under Public Law 103-354 office), whenever they mail or deliver these items.

(i) *Water stock certificates.* Water stock certificates will be filed in the loan docket in the District Office.

[50 FR 7296, Feb. 22, 1985, as amended at 53 FR 6787, Mar. 3, 1988]

**§ 1942.9 Planning, bidding, contracting, and constructing. [See §§ 1942.17(p) and 1942.18]**

(a) *Review of construction plans and specifications.* All plans and specifications will be submitted as soon as available to the State Office for review and comments.

(b) *Contract approval.* The State Director or designee is responsible for approving all construction contracts using legal advice and guidance of OGC as necessary. The use of a contracting method under § 1942.18(l) of this subpart exceeding \$100,000 must be concurred in by the National Office. Procurement under § 1942.18(l) of this subpart will not be considered when an FmHA or its successor agency under Public Law 103-354 grant is involved. When an applicant requests such concurrence, the State Director will submit the following to the National Office:

- (1) State Director's and FmHA or its successor agency under Public Law 103-354 engineer/architect's comments and recommendations, and when non-competitive negotiation is proposed, submit an evaluation of previous work of the proposed construction firm.

- (2) Regional attorney's opinion and comments regarding the legal adequacy of the proposed procurement method and proposed contract documents.

- (3) Copy of owner's written request and description of the procurement method proposed.

- (4) Copy of the proposed contract.

(c) *Bid irregularities.* Any irregularities in the bids received or other matters pertaining to the contract award having legal implications will be cleared with OGC before the State Director consents to the contract award.

(d) *Noncompliance.* State Directors, upon receipt of information indicating borrowers or their officers, employees, or agents are not performing in compliance with § 1942.18(j)(1) of this subpart, may request the Regional Office of the Inspector General (OIG) to investigate the matter and provide a report. The

## §§ 1942.10–1942.11

State Director is responsible for resolving the issue.

[50 FR 7296, Feb. 22, 1985, as amended at 53 FR 6787, Mar. 3, 1988]

### §§ 1942.10–1942.11 [Reserved]

#### § 1942.12 Loan cancellation.

Loans which have been approved and obligations which have been established may be canceled before closing as follows:

(a) Form FmHA or its successor agency under Public Law 103-354 1940-10, "Cancellation of U.S. Treasury Check and/or Obligation." The District Director or State Director may prepare and execute Form FmHA or its successor agency under Public Law 103-354 1940-10 in accordance with the Forms Manual Insert (FMI). If the check has been received or is subsequently received in the District Office, the District Director will return it as prescribed in FmHA Instruction 2018-D (available in any FmHA or its successor agency under Public Law 103-354 office).

(b) *Notice of cancellation.* If the docket has been forwarded to OGC, that office will be notified of the cancellation by a copy of Form FmHA or its successor agency under Public Law 103-354 1940-10. Any application for title insurance, if ordered, will be canceled. The borrower's attorney and engineer/architect, if any, should be notified of the cancellation. The District Director may provide the borrower's attorney and engineer/architect with a copy of the notification to the applicant. The State Director will notify the Director of Legislative Affairs and Public Information by telephone or electronic mail and give the reasons for such cancellation.

[50 FR 7296, Feb. 22, 1985, as amended at 53 FR 26589, July 14, 1988; 54 FR 39727, Sept. 28, 1989; 59 FR 54788, Nov. 2, 1994]

#### § 1942.13 Loan servicing.

Loans will be serviced under subpart E of part 1951 of this chapter.

#### § 1942.14 Subsequent loans.

Subsequent loans will be processed under this subpart.

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#### § 1942.15 Delegation and redelegation of authority.

The State Director is responsible for implementing the authorities in this subpart and for issuing State supplements redelegating authorities. Loan and grant approval authority is in subpart A of part 1901 of this chapter. Except for loan and grant approval authority, District Directors may redelegate their duties to qualified staff members.

#### § 1942.16 State supplements and guides.

State Directors will obtain National Office clearance for all State supplements and guides under FmHA Instruction 2006-B (available in any FmHA or its successor agency under Public Law 103-354 office).

(a) *State supplements.* State Directors may supplement this subpart to meet State and local laws and regulations and to provide for orderly application processing and efficient service to applicants. State supplements shall not contain any requirements pertaining to bids, contract awards, and materials more restrictive than those in § 1942.18 of this subpart.

(b) *State guides.* State Directors may develop guides for use by applicants if the guides to this subpart are not adequate. State Directors may prepare guides for items needed for the application; items necessary for the docket; and items required prior to loan closing or start of construction.

#### § 1942.17 Community facilities.

(a) *General.* This section includes information and procedures specifically designed for use by applicants, including their professional consultants and/or agents who provide such assistance and services as architectural, engineering, financial, legal, or other services related to application processing and facility planning and development. This section is made available as needed for such use. It includes FmHA or its successor agency under Public Law 103-354 policies and requirements pertaining to loans for community facilities. It provides applicants with guidance for use in proceeding with their application. FmHA or its successor agency under Public Law 103-354 shall